

## Message Text

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PAGE 01 LIMA 07521 131749Z

62

ACTION ARA-10

INFO OCT-01 SS-14 ISO-00 NSC-10 NSCE-00 CIEP-01 TRSE-00

EB-03 CIAE-00 INR-10 NSAE-00 RSC-01 PRS-01 COME-00

L-02 INT-01 OMB-01 DRC-01 /056 W

----- 097744

R 131710Z OCT 73

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 7393

C O N F I D E N T I A L LIMA 7521

LIMDIS

E.O. 11652: GDS

TAGS: BDIS, EMIN, EIND, PE

SUBJECT: CERRO DE PASCO PROBLEM

REF: STATE 203176, LIMA 7327

1. VERY MUCH APPRECIATE DEPARTMENT'S DETAILED SUMMARY OF ACTIONS  
TAKEN BY CERRO NEW YORK. ACCOUNT SQUARES WITH INFORMATION  
AVAILABLE TO US WITH FOLLOWING EXCEPTIONS:

A. LLOSA HAS CONSISTENTLY TAKEN POSITION WITH US THAT HE  
APPROACHED PRIME MINISTER ON HIS OWN INITIATIVE AND ONLY  
SUBSEQUENTLY INFORMED CERRO NEW YORK. LATTER'S GRATIFICATION  
WITH RESULTS SEEMED TO BE SOURCE OF SOME RELIEF TO HIM. HE  
OBSERVED TO EMBASSY OFFICER THAT, WHILE RESULTS IN THIS  
INSTANCE HAD BEEN SATISFACTORY, CERRO DE PASCO AND CERRO  
NEW YORK COULD NOT CONTINUE TO OPERATE AT ARMS LENGTH AND  
WITH COORDINATION WITHOUT SOONER OR LATER ENCOUNTERING  
DIFFICULTIES. WHILE LLOSA HAS NEVER GIVEN ANY INDICATION THAT  
HE KNEW ANYTHING OF SECOND OFFER MENTIONED PARA 2 DEPTTEL,  
HE DID MENTION HE WOULD PROPOSE SWAP TO GOP, WHICH HE RE-  
PRESENTED AS HIS OWN IDEA WITH THE OBJECTIVE OF FREEING SOLES  
FOR CURRENT OPERATIONS.

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PAGE 02 LIMA 07521 131749Z

B. LLOSA HAS REPORTED THAT BROUSSET HAS BEEN UNUSALLY

COOPERATIVE, BUT HE HAS NOT GONE QUITE AS FAR AS SUGGESTED  
PARA 5 DEPTTEL. GOP IS WILLING BRING PRESSURE BEAR ON BANCO  
DEL CREDITO TO FREE 95 MILLION OF 230 MILLION SOLES BLOCKED.  
BLANCE, WHICH WOULD REMAIN FROZEN, IS EQUIVALENT TO \$3.5  
MILLION ON WHICH CERRO NEW YORK STOPPED PAYMENT. GOP IS MORE-  
OVER UNWILLING UNFREEZE 100 MILLION SOLES BLOCKED BY MINERO-  
PERU. AS REPORTED EMBTEL, GOP HAS INDICATED WILLINGNESS TAKE  
STEPS OUTLINED PARA 5 (B), AND IS CONSIDERING STEPS MENTIONED  
PARA 5 (C). WE HAVE ALSO CONFIRMED THAT BANCO POPULAR IS  
CONSIDERING LOAN BUT HAVE HEARD NOTHING OF PROPOSITION TO  
FNCB.

C. THERE IS NO LOCAL CURRENCY DEPOSIT EQUIVALENT TO \$50  
MILLION. LLOSA HAS TOLD US THAT, WERE GOP TO AGREE TODAY TO  
CONVERTIBILITY, CERRO WOULD NOT HAVE THE SOLES TO CONVERT.  
THESE SOLES WOULD ONLY BE GENERATED WERE CERRO NEW YORK TO  
REMIT DOLLAR AMOUNTS WHICH IT IS NOW WITHHOLDING.

D. DESPITE RECENT APPEARANCES OF MORE UNDERSTANDING ATTITUDE  
HERE ON PART GOP, ALLEN REPORTS THAT SINAMOS AGITATORS HAVE  
BEEN CONDUCTING ANTI-CERRO CAMPAIGN AT LA OROYA AND OTHER  
CERRO FACILITIES FOR PAST TWO WEEKS.

2. AMBASSADOR HAS SENT FOREIGN MINISTER LETTER REQUESTING  
GOOD OFFICES IN OVERCOMING CASH FLOW PROBLEM. COPY GIVEN TO  
ALLEN WHO WAS SUPPOSED TO HAVE LEFT FOR NEW YORK NIGHT OF  
OCTOBER 12.

BELCHER

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NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BLOCKED ASSETS, MINING INDUSTRY, SALES DATA, SUBSIDIARIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 13 OCT 1973  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973LIMA07521  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS BELCHER  
**Errors:** N/A  
**Film Number:** n/a  
**From:** LIMA  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Legacy Key:** link1973/newtext/t19731034/aaaaayut.tel  
**Line Count:** 89  
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**Office:** ACTION ARA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** LIMDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** LIMDIS  
**Reference:** STATE 203176, LIMA 7327  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 14 DEC 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <14-Dec-2001 by elbezefj>; APPROVED <13 FEB 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
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30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CERRO DE PASCO PROBLEM  
**TAGS:** BDIS, EMIN, EIND, PE, US, CERRO DE PASCO  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005